No. 15-446

IN THE

Supreme Court of the United States

CUOZZO SPEED TECHNOLOGIES, LLC,
Petitioner,

v.

MICHELLE K. LEE,
UNDER SECRETARY OF COMMERCE
FOR INTELLECTUAL PROPERTY AND
DIRECTOR, PATENT AND TRADEMARK OFFICE,
Respondent.

On Writ Of Certiorari
To The United States Court Of Appeals
For The Federal Circuit

BRIEF OF EMC CORPORATION AS *AMICUS CURIAE* IN SUPPORT OF RESPONDENT

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INTEREST OF *AMICUS CURIAE*[1]

Amicus curiae EMC Corporation is a leading technology company, and has a substantial interest in maintaining effective post-grant review. EMC's primary business is developing, making, and selling a wide variety of complex hardware and software data storage products that are used to store today's exploding volume of digital information. EMC owns over 5,100 United States patents and recognizes the importance of protecting valid intellectual property rights. But amicus frequently is targeted by litigants with opportunistic accusations that amicus infringes patents that reasonably appear to monopolize the prior art. Such patents may be erroneously granted for many reasons: They were issued in an era in which the Patent and Trademark Office was applying incorrect legal standards, they were allowed based on a misapplication of correct law, or the resource-constrained examiner simply failed to find the pertinent art in the universe of all publications and public uses that existed before the application was filed.

Whatever the reason for its existence, an issued patent that can reasonably be read broadly enough to sweep in the prior art inhibits productive activity and further innovation. There is no better evidence of this chilling effect than the tens of thousands—if

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[1] Pursuant to Supreme Court Rule 37.6, counsel for *amicus curiae* states that no counsel for a party authored any portion of this brief, and no person other than *amicus* or its counsel made any monetary contribution intended to fund the preparation or submission of the brief. All parties have consented to the filing of this brief.

not more—accusations of infringement of vaguely worded patents that amicus and other technology companies receive annually. Given the number of non-practicing entities who hold patents that, they assert, cover ubiquitous modern technology like client-server architecture or smartphones, these accusations defy credulity. Taken seriously, such patents would require innovative companies to pay tribute to vast numbers of coercive shell companies for building and selling the most common technology in our daily lives.

Fortunately, in 2011 Congress enacted the Leahy-Smith America Invents Act (commonly termed the "AIA"), which gives the PTO a second look at these broad, ambiguous patents—with the help of the threatened companies themselves. The PTO's task in such post-grant proceedings is the same as it has always been in post-grant proceedings: to correct its errors in issuing patents. The PTO fulfills this role, as it has for decades, by reevaluating patent claims through the lens of their broadest reasonable interpretation (or "BRI"). Following this standard ensures that a reasonable member of the public is not deterred from practicing what rightfully belongs to her—technologies in the public domain. Amicus has a strong interest in seeing that standard upheld.

SUMMARY OF THE ARGUMENT

The PTO properly polices the monopolies it grants by rejecting patents that, read as broadly as reasonable, would claim the prior art (or an obvious variant of it).

I. The broadest-reasonable-interpretation ("BRI") standard, applied for over 100 years, protects the public from the chilling effects of overbroad patents.

A. As the courts of appeals have recognized for nearly a century, the PTO's use of the BRI standard in initial examination helps ensure that the claims that issue are clear and limited to the true invention. An applicant, knowing that any ambiguities in drafting will be construed against her, has incentive to clarify her terms. Doing so helps give the public notice of what is out-of-bounds and what is still open. A reasonable member of the public, upon reading a patent, should not be discouraged from practicing technologies in the public domain. Patents worded broadly enough to hinder the public in this way unjustly expand the patent monopoly and transform it into a bludgeon for intimidation. Such patents never should issue.

B. Unfortunately, they often *do* issue. Patent examiners face severe time and resource constraints, and also perverse incentives to grant patents that may be invalid. Congress developed inter partes review, along with other post-issuance reviews, to enable the PTO to extinguish mistakenly granted patents, many of which were issued under overly permissive legal standards. The PTO's new procedures are, by design, quick and efficient. Heard by panels of three expert judges and informed by challengers with a vested interest in locating the relevant prior art, IPRs correct errors the PTO made during initial examination.

C. For IPRs to fix examination mistakes, they must utilize the same standard as is applied during patent examination: BRI. IPRs are not the first form of post-grant review Congress devised; for 36 years, the PTO has reexamined issued patents, and it has always used BRI to do so. Applying this standard in post-issuance proceedings ensures that claims that should never have been issued (because they impose an obstacle to protected innovative and competitive activity) do not survive. BRI expunges bad claims, while allowing applicants to respond to any previously overlooked prior art and to amend their claims accordingly. BRI is thus appropriately used in IPRs for the same reasons it is valuable in examination. It should be sustained.

II. Cuozzo urges that the PTO should construe patents in its IPR proceedings using the standard that applies in litigation. This approach would undermine the successful IPR procedure that Congress created five years ago.

A. Applying the litigation standard would discourage accused infringers from making use of IPRs, directly undermining Congress's intent. When drafting their claims, patentees often deliberately select obfuscatory terms rather than ones common in industry parlance. This practice prevents examiners from finding the most relevant prior art, and allows patent owners to claim not only their invention, but also future innovations they could not predict. Once the patent issues, the patentee often will sue practicing companies whose products are not remotely similar to the patentee's true invention, but can be read as infringing the broad claims the patentee obtained. IPRs are designed to give the accused infringer a

means of challenging claims that can be read this broadly. Under Cuozzo's standard, however, a defendant is unlikely to file an IPR arguing that the patent can be read broadly, for fear of effectively admitting infringement. Litigation over validity would remain in the district court, frustrating Congress's intent that the PTO, rather than district courts, decide most prior art challenges.

B. Cuozzo's standard also would eliminate the one tool the PTO has to ensure claim lucidity in IPRs: the broadest reasonable interpretation standard. Using that standard, the PTO has eliminated claims drafted malleably enough to reach the prior art. This Court should affirm this successful practice. To declare BRI impermissible would undermine a goal the PTO has promoted, and the courts have recognized, for a century: to encourage patentees to narrow their claims "to cover [their] actual invention only," while leaving the public breathing room to practice the prior art. *In re Carr*, 297 F. 542, 544 (D.C. Cir. 1924).

ARGUMENT

Since patent claims first were introduced, this Court has emphasized "the role of claims in defining an invention and providing public notice, and ... the primacy of the PTO in ensuring that the claims allowed cover only subject matter that is properly patentable." *Warner-Jenkinson Co.* v. *Hilton Davis Chem. Co.*, 520 U.S. 17, 33-34 (1997). Patent claims that reasonably can be construed to cover the prior art (or obvious improvements thereof) threaten this notice function. They intimidate the public from practicing what rightfully belongs to it—all technolo-

gies in the "public domain." *See Graham* v. *John Deere Co. of Kan. City*, 383 U.S. 1, 6 (1966).

To prevent intimidatingly amorphous claims from threatening the public's use of its own domain, the PTO has for over a century sought to reject claims that appear invalid under their broadest reasonable interpretation. The PTO has applied this standard in examining whether a patent should issue, and in reviewing whether the legal monopoly should persist. It should continue to do so.

Patent drafters are skilled at crafting malleable claims. An applicant often is able to get its claim allowed even if the claim can be read broadly enough to encompass the prior art—which is unsurprising, given the ex parte nature of patent prosecution and the limited resources and incentives an examiner has to find all the pertinent prior art. Applying the broadest reasonable interpretation again in inter partes review gives the PTO the chance to correct its error by cancelling patent claims that should never have issued in the first place. This practice discourages applicants from drafting claims strategically to enhance their *in terrorem* force. It encourages patentees to write their claims narrowly and clearly. It allows breathing room for innovation and competition. It should be affirmed.

I. THE PTO APPROPRIATELY HAS CONTINUED ITS HISTORICAL PRACTICE OF USING THE BROADEST REASONABLE INTERPRETATION TO ASSESS PATENTABILITY BOTH BEFORE AND AFTER THE PATENT ISSUES.

The PTO has evaluated claims under the broadest reasonable interpretation standard for over a century. The PTO has employed this standard regardless of whether it is scrutinizing the claims for initial approval or for continued validity and regardless of whether it is examining the claims on its own or with the participation of outside third parties.

As the courts have recognized for over 90 years, the PTO's longstanding claim-construction methodology serves critical functions: It ensures that the claims are clearly and narrowly tailored to the applicant's invention. It protects the public by giving them a zone in which they know they safely may practice technology in the public domain. The BRI standard should be maintained.

A. At The Application Stage, BRI Prevents Patents From Capturing Or Chilling The Public Domain.

There is a strong public interest in rejecting or invalidating patent claims that could embrace and therefore monopolize the prior art. Just two years ago, this Court explained that "the public" has "a paramount interest in seeing that patent monopolies are kept within their legitimate scope." *Medtronic, Inc.* v. *Mirowski Family Ventures, LLC*, 134 S. Ct. 843, 851 (2014) (punctuation omitted). That is because a patent is "an exception to the general rule

against monopolies and to the right to access to a free and open market." *Precision Instrument Mfg. Co.* v. *Auto. Maint. Mach. Co.*, 324 U.S. 806, 816 (1945). The "patent monopoly" granted by the government, via the PTO, is "a privilege which is conditioned by a public purpose. It results from invention and is limited to the invention which it defines." *Mercoid Corp.* v. *Mid-Continent Inv. Co.*, 320 U.S. 661, 666 (1944). Patents, therefore, must be carefully restricted to only those justified by the incentive to innovate, while preserving a clearly demarcated realm in which the public safely can operate. *See Graham*, 383 U.S. at 5-11; Mark A. Lemley & Robin Feldman, *Patent Licensing, Technology Transfer, & Innovation* 3-5 (Stanford Law and Economics Olin Working Paper No. 484, 2016), http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2738819 ("Patent Licensing").

Ever since patent "claims" came to "define the boundaries of a patent monopoly" (*Great Atl. & Pac. Tea Co.* v. *Supermarket Equip. Corp.*, 340 U.S. 147, 149 (1950)), this Court has warned of claims that, read broadly enough, would chill other potential inventors from making the attempt to devise a competing technology. Even where a patentee is the first to produce an invention that is far from obvious, the patent monopoly granted to her must leave reasonable room for the public to operate. For this reason, Samuel Morse could patent his telegraph, but could not lay claim to every future use of electromagnetism to print characters at a distance. *O'Reilly* v. *Morse*, 56 U.S. (15 How.) 62, 112-20 (1854). In cabining Morse's right, this Court explained that the apparent "extent of this claim," demarcated only by "broad

terms," would "shut[] the door against inventions of other persons." *Id.* at 112-13, 120.

To keep that door open, the PTO has long rejected claims whose broadest reasonable interpretation would make them invalid. This standard is appropriate on examination because, when rigorously enforced, it causes the applicant to narrow claims until they encompass only the true invention and not the prior art. "[D]uring patent prosecution when claims can be amended, ambiguities should be recognized, scope and breadth of language explored, and clarification imposed." *In re Zletz*, 893 F.2d 319, 321 (Fed. Cir. 1989). The applicant knows she must ensure that her claims cannot be interpreted by a reasonable observer to cover the prior art, or else the PTO will (or at least should) reject them. So BRI gives applicants an incentive to make their claims clear, and appropriately narrow. This expedient, necessary to counter the applicant's natural temptation to craft claims that appear broad to accused infringers, preserves the notice function of patents and gives the public space to operate freely. BRI thus serves "[a]n essential purpose of patent examination," namely "to fashion claims that are precise, clear, correct, and unambiguous. Only in this way can uncertainties of claim scope be removed, as much as possible, during the administrative process." *Id.* at 322.

Because the BRI standard helps stamp out ambiguities before issuance, it "serves the public interest by reducing the possibility that claims, finally allowed, will be given broader scope than is justified." *In re Yamamoto*, 740 F.2d 1569, 1571 (Fed. Cir. 1984). BRI mitigates the public's uncertainty and confusion over the claims' meaning, and thus

"tends not only to protect the real invention, but to prevent needless litigation after the patent has issued." *In re Carr*, 297 F. 542, 544 (D.C. Cir. 1924). And, as this Court explained long ago, certainty is essential to a properly functioning patent system: "The public should not be deprived of rights supposed to belong to it, without being clearly told what it is that limits these rights." *Merrill* v. *Yeomans*, 94 U.S. 568, 573 (1877).

B. Congress Designed Inter Partes Review To Give The Patent Office A Chance To Correct Its Error If It Failed To Find Or Correctly Apply Prior Art.

Cuozzo does not deny the importance of ensuring that claims are clear and leave the public reasonable scope. *See* Cuozzo Br. 43-44. Nor does Cuozzo deny that this important public interest warrants using BRI when examining a claim prior to issuance, "to ensure that the claims clearly cover only what the inventor is entitled to claim." *Id.* at 21.

Cuozzo, rather, challenges the use of BRI in post-issuance inter partes review. Cuozzo Br. 17-18. Cuozzo contends that, by the time the claims are allowed, BRI has served its function and the PTO already has ensured that the claims are sufficiently narrow and clear. *Id.* at 44.

Congress found to the contrary, and was right to do so. The examination process works only to the extent the PTO has, and correctly assesses, the relevant prior art. Resource constraints, examiner incentives, and inconsistent adherence to the duty of

candor among applicants make that very difficult; mistakes abound.

Among many other factors rendering the examination process imperfect, applicants "are under no obligation to search for prior art, and most do not." Mark A. Lemley, *Rational Ignorance at the Patent Office*, 95 Nw. U. L. Rev. 1495, 1500 (2001) ("Rational Ignorance"). Furthermore, an examiner has on average "just eighteen hours—and, often, less"—to examine each patent from start to finish. Jarrad Wood & Jonathan R.K. Stroud, *Three Hundred Nos: An Empirical Analysis of the First 300+ Denials of Institution for Inter Partes and Covered Business Method Patent Reviews Prior to* In re Cuozzo Speed Technologies, LLC, 14 J. Marshall Rev. Intell. Prop. L. 112, 116 (2015); *accord, e.g.*, Justin Pats, *Preventing the Issuance of "Bad" Patents: How the PTO Can Supplement Its Practices and Procedures to Assure Quality*, 48 IDEA 409, 414, 417 (2008); Jason Rantanen, *The Malleability of Patent Rights*, 2015 Mich. St. L. Rev. 895, 911. Examiners spend only a small portion of that limited time conducting prior art searches, and "much of the most relevant prior art isn't easy to find—it consists of sales or uses by third parties that don't show up in any searchable database and will not be found by examiners in a hurry." Rational Ignorance, *supra*, at 1500; *accord* Pats, *supra*, at 418-20, 434.

Moreover, examiners face strong incentives to grant patents, particularly when faced with persistent applicants. For over fifty years, commenters have recognized the "constant pressure" examiners are under to "dispose of their cases (which can be achieved most expeditiously by allowing, rather than

denying, the application)." John C. Stedman, *The U.S. Patent System and Its Current Problems*, 42 Tex. L. Rev. 450, 463 (1964). The examiner must persist in her task until the application is granted or abandoned; a determined applicant can keep challenging rejections and filing new applications using the same specification until the examiner relents. *See ibid.* It is easier to allow an application than to reject it. Examiners get credit for "disposal of the application," but "[d]isposal counts are generally awarded either for the allowance or abandonment of the application. Noticeably absent from the list of ways to obtain a disposal count is continued rejection of the application." John R. Thomas, *Collusion and Collective Action in the Patent System: A Proposal for Patent Bounties*, 2001 U. Ill. L. Rev. 305, 324 (citations omitted). And while examiners must typically "articulate their reasons for a rejection," they usually "need say nothing if they chose to allow a [patent]. The belief is widely held that this regime encourages examiners to allow rather than to reject applications." *Id.* at 324-25.

Like individual examiners, the PTO as a whole faces pressure to issue patents. Since the PTO obtains more than half of its budget from postallowance fees (fees it gets only when it grants patents), "the back-end fee structure of the Agency biase[s] a financially constrained PTO toward allowing patents." Michael D. Frakes & Melissa F. Wasserman, *Does the U.S. Patent and Trademark Office Grant Too Many Bad Patents?: Evidence From a Quasi-Experiment*, 67 Stan. L. Rev. 613, 623 (2015).

For all of these reasons, the examiner "may not always accurately assess patentability." Wood & Stroud, *supra*, at 115.

Inter partes review gives the PTO a chance to correct its error with the benefit of interested parties' own prior-art search. Observers have long recognized that low-quality patents often persist until an "alleged infringer" challenges them, "typically us[ing] all his effort to present to the court all possible relevant prior art." Stedman, *supra*, at 464. Faced with an accusation of infringement, the defendant ensures that "patents are given a much closer look" than they were during examination. R. Polk Wagner, *Understanding Patent-Quality Mechanisms*, 157 U. Pa. L. Rev. 2135, 2148 (2009). In litigation, however, that "closer look" is very expensive. *Ibid.*; Sarah Tran, *Patent Powers*, 25 Harv. J.L. & Tech. 609, 629 (2012).

Congress therefore designed "faster and less expensive" new post-issuance procedures to "improve patent quality and help remedy the innovation-stifling effects of low-quality patents." Jonathan Tamimi, *Breaking Bad Patents: The Formula for Quick, Inexpensive Resolution of Patent Validity*, 29 Berkeley Tech. L.J. 587, 587 (2014). Those proceedings are aided by challengers (generally accused infringers) who, unlike examiners, typically have both the incentive and the resources to conduct an exhaustive review of the prior art. They can bring this art to a body of three administrative patent judges (*see* 35 U.S.C. § 6(a), (c)), who do not face the same incentives as examiners to grant patents that may be invalid.

Although Cuozzo contends that these features make inter partes review "an adjudicatory proceeding" (Cuozzo Br. 30), IPRs do not adjudicate accusations that a defendant infringes a patent. Rather, Congress set out to "improve the current inter partes administrative process for challenging the validity of a patent." 157 Cong. Rec. S952 (daily ed. Feb. 28, 2011) (statement of Sen. Grassley). Congress determined that the PTO needed to take a second look at issued patents, in a more accurate and efficient way. Congress adopted an efficient inter partes proceeding not in the expectation that the PTO would import every standard used by district courts, but rather to re-evaluate patentability with the benefit of adversarial testing. *See* US Br. 28-34. As one of the named sponsors of the AIA explained, Congress designed the new post-issuance reviews to "improve patent quality by expanding the role of third parties to the patent examination process, creating a streamlined first-window, postgrant review to quickly challenge and weed out patents that never should have been issued in the first place." 157 Cong. Rec. S5354 (daily ed. Sep. 7, 2011) (statement of Sen. Leahy).

The technology industry, in particular, is plagued by intentionally malleable software and business patents that were issued in the late 1990s and early 2000s. There are so many patents that can be read to cover every ubiquitous technology—250,000 patents may read on a smartphone, for example—that practicing companies are trapped in a "patent thicket." Mark A. Lemley, *Software Patents and the Return of Functional Claiming*, 2013 Wis. L. Rev. 905, 928-29 ("Software Patents").

These patents were granted based on erroneous interpretations of critical statutory requirements, including obviousness, definiteness, and eligibility. *See KSR Int'l Co.* v. *Teleflex Inc.*, 550 U.S. 398, 427-28, (2007); *Nautilus, Inc.* v. *Biosig Instruments, Inc.*, 134 S. Ct. 2120, 2130 (2014); *Bilski* v. *Kappos*, 561 U.S. 593, 600 (2010). Congress intended post-issuance review to efficiently "knock[] out" these "bad patents" that never should have issued. 157 Cong. Rec. S1053 (daily ed. Mar. 1, 2011) (statement of Sen. Schumer); *accord* Cuozzo Br. 2. Indeed, this Court has recognized that a core congressional purpose in creating and expanding post-grant challenges is to eliminate such "'bad' patents." *Microsoft Corp.* v. *i4i Ltd. P'ship*, 131 S. Ct. 2238, 2252 (2011).

Using BRI, the PTO has effectively served Congress's goal: Parties filed over 2,000 challenges in the first two years, and the PTO instituted trials in three-quarters of those cases. *See*, *e.g.*, Wood & Stroud, *supra*, at 113, 141-42; Cuozzo Br. 34, 46. Part of the reason for this success is that BRI encourages defendants to channel their prior art-based challenges into the forum where they can be most efficiently and expertly litigated: the PTO. *See* Tamimi, *supra*, at 587. BRI thus serves the two purposes that Cuozzo itself admits Congress designed IPR to effectuate—weeding out invalid patents (Cuozzo Br. 2) and channeling invalidity challenges from inefficient district court litigation to the PTO (*id.* at 26-32).

C. As It Has Always Done, BRI Serves The Same Function In Post-Grant Proceedings As In The Application Stage.

To serve Congress's goal of enabling efficient correction of the PTO's errors in issuing patents that it should have rejected (157 Cong. Rec. S1053 (daily ed. Mar. 1, 2011) (statement of Sen. Schumer)), the PTO must apply the same standard in IPRs as it does in examination. The broadest reasonable interpretation standard serves the same function in IPRs as it does at the pre-issuance stage: It forces the applicant to amend and narrow claims until the true invention is identified. As commentators have noted, "[a]pplication of the broadest reasonable construction standard during IPR or CBM proceedings provides the patent owner with the opportunity to clarify the claims of the patent to provide adequate notice to the public." Eric C. Cohen, *A Primer on Inter Partes Review, Covered Business Method Review, and Post-Grant Review Before the Patent Trial and Appeal Board*, 24 Fed. Cir. B.J. 1, 17 (2014). And the PTO itself explained that:

> An essential purpose of the broadest reasonable claim interpretation standard in the amendment process is to encourage a patent owner to fashion clear, unambiguous claims. Only through the use of the broadest reasonable claim interpretation standard can the Office ensure that uncertainties of claim scope are removed or clarified. Since patent owners have the opportunity to amend their claims during IPR, PGR, and CBM trials, unlike in district court proceedings, they are able to resolve am-

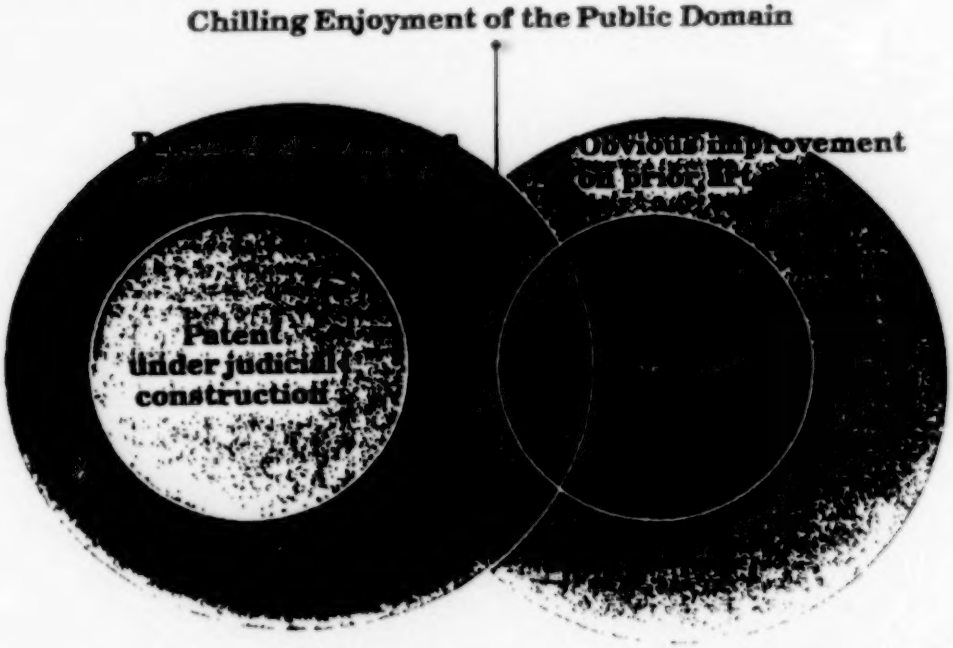
> biguities and overbreadth through this interpretive approach, producing clear and defensible patents at the lowest cost point in the system.

Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,764 (Aug. 14, 2012).

Unlike in district-court litigation, a patent owner faced with potential grounds for invalidation in IPR may "propose a reasonable number of substitute claims" and thereby avoid the prior art. 35 U.S.C. §§ 316(d)(1)(B), 326(d)(1)(B); 37 C.F.R. §§ 42.121(a)(3), 42.221(a)(3). And, indeed, *multiple* motions to amend during the IPR proceeding are permitted either with consent or, if opposed, for "good cause." 35 U.S.C. §§ 316(d)(2), 326(d)(2); 37 C.F.R. § 42.121(c). This "ability to amend claims to avoid prior art ... distinguishes Office proceedings ... and justifies the broadest reasonable interpretation standard for claim interpretation." Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents, 77 Fed. Reg. 48,680, 48,688 (Aug. 14, 2012).

Thus, far from depriving patentees of their "property" rights (Cuozzo Br. 43), IPRs provide patentees with a second chance to make those rights clearer and narrower, and thereby avoid invalidation at the district court. That Congress has limited somewhat a patentee's ability to move the goalposts (*id.* at 29-30) simply reflects Congress's desire to streamline the IPR procedure and to encourage accused infringers to use it (US Br. 23-27).

In addition to encouraging clarity of claim drafting, applying the BRI standard in IPR also secures the public against the chilling effect of potentially overbroad patents. In examination, BRI ensures that patents are not issued which look like they may sweep in the prior art, and thus deter companies from continuing to make their former products or from developing new ones in the entire broad area:



Such patents effectively take from the public more than the inner red circle they are entitled to; they chill the public from entering the shaded area as well. BRI encourages patentees to reduce the ambiguity illustrated by the outer red ring, to avoid invalidation.

In IPR, as in examination, only the validity of the patent—not whether it is infringed—is at issue. Thus, using a broad claim construction standard in IPR can only render relevant more prior art, and thereby help expunge suspect patents from the 2.5

million in force. *See* Dennis Crouch, *The Number of U.S. Patents in Force*, PatentlyO (Oct. 23, 2014), http://patentlyo.com/patent/2014/10/number-patents-force.html. BRI cannot broaden the "scope" of what the patentee may assert against "[t]he public," as Cuozzo misleadingly implies. Cuozzo Br. 44. Just the opposite: It is the BRI standard that prevents a patentee from "twist[ing]" the patent "one way to avoid anticipation and another to find infringement." *Id.* at 43 (citation omitted). BRI subjects the broadest reasonable "twist" of the claim to a prior art challenge. And it fosters the clarity of language needed "to apprise the public of what is still open to them." *Id.* at 44 (citation omitted).

For these reasons, the PTO has used the BRI standard, with the blessing of the courts of appeals, in a wide variety of proceedings, for more than a century. *See, e.g.*, *Tempo Lighting, Inc.* v. *Tivoli, LLC*, 742 F.3d 973, 977 (Fed. Cir. 2014) (inter partes reexamination); *Leo Pharm. Prods., Ltd.* v. *Rea*, 726 F.3d 1346, 1352 (Fed. Cir. 2013) (same); *Rowe* v. *Dror*, 112 F.3d 473, 477 (Fed. Cir. 1997) (interference); *Yamamoto*, 740 F.2d at 1571-72 (ex parte reexamination); *In re Reuter*, 670 F.2d 1015, 1019 (C.C.P.A. 1981) (reissue proceeding); *In re Prater*, 415 F.2d 1393, 1404-05 (C.C.P.A. 1969) (initial examination); *In re Kebrich*, 201 F.2d 951, 954 (C.C.P.A. 1953) (same); *In re Horton*, 54 F.2d 961, 964-65 (C.C.P.A. 1932) (same); *Carr*, 297 F at 543-44 (same); *Miel* v. *Young*, 29 App. D.C. 481, 484 (D.C. Cir. 1907) (same); *Podlesak & Podlesak* v. *McInnerney*, 109 Dec. Comm'r Pat. 265, 268 (same).

Indeed, the PTO has used many different post-grant review processes, and BRI has been the stand-

ard for all of these processes as relevant for unexpired claims. In 1980, Congress authorized the PTO to conduct ex parte reexaminations. *See* Act of Dec. 12, 1980, Pub. L. No. 96-517, 94 Stat. 3015 (codified at 35 U.S.C. ch. 30 (1982)). Congress made ex parte reexaminations available when a requesting party presented "a substantial new question of patentability." 35 U.S.C. §§ 303(a), 304. In these proceedings, which continue to be available to this day, the PTO applies the same standard as it does in the application stage: broadest reasonable interpretation. *Yamamoto*, 740 F.2d at 1571-72.

In 1999, Congress added an option for *inter partes* reexamination, which allowed a third party to not only request but also participate in the proceeding before the PTO when raising "a substantial new question of patentability." *See Cooper Techs. Co.* v. *Dudas*, 536 F.3d 1330, 1332 (Fed. Cir. 2008); 35 U.S.C. §§ 311-18 (2000). For these adversarial inter partes post-grant challenges as well, the PTO continued to apply the broadest reasonable interpretation standard and the courts continued to approve this methodology. *See Leo*, 726 F.3d at 1352; *Tempo Lighting*, 742 F.3d at 977 That is true even though, as Cuozzo admits, both ex parte and inter partes reexaminations were designed—like IPRs—"as a more efficient alternative to district court litigation." Cuozzo Br. 31.

The AIA was enacted against the backdrop of that well-established precedent. It is implausible to suggest that Congress intended to silently override the BRI standard for inter partes review only, leaving in place the BRI standard for new claims, for reissued claims, and for reexamination. *See Miles* v.

Apex Marine Corp., 498 U.S. 19, 32 (1990) ("We assume that Congress is aware of existing law when it passes legislation."); *Lorillard* v. *Pons*, 434 U.S. 575, 580 (1978) (Congress is "presumed to be aware of an administrative or judicial interpretation of a statute"); *NLRB* v. *Bell Aerospace Co., Div. of Textron, Inc.*, 416 U.S. 267, 275 (1974) ("[C]ongressional failure to revise or repeal the agency's interpretation is persuasive evidence that the interpretation is the one intended by Congress."); *Young* v. *Cmty. Nutrition Inst.*, 476 U.S. 974, 983 (1986) (same).

That is especially so given copious evidence that Congress regarded inter partes review as merely an expansion of existing inter partes reexamination. *See* Dell Br. 16-18, *Versata Dev. Grp., Inc.* v. *SAP Am., Inc.*, 793 F.3d 1306 (Fed. Cir. 2015) (No. 2014-1194) (collecting sources), *petition for cert. filed*, No. 15-1145 (U.S. Mar. 11, 2016). If Congress had intended to *narrow* the claim-construction standard while *broadening* the inter partes procedure, it surely would have said so.

BRI serves the same purpose in inter partes review as it did in the earlier proceedings. By applying BRI whenever it evaluates a patent claim that is in force, the PTO ensures that patentees cannot unjustly deprive the public of what belongs to it. Nor can patentees draft claims broadly or vaguely enough to *threaten* that result. Cuozzo's desire to maintain broadly worded claims in the face of invalidating prior art aside, the courts have long explained that patentees' "interests are not impaired since they are not foreclosed from obtaining appropriate coverage for their invention with express claim language." *Yamamoto*, 740 F.2d at 1571. The BRI standard pre-

serves patents that claim true inventions, but requires them to be clear and narrowly drawn to those inventions.

If a patent that fails these criteria mistakenly is issued—as many inevitably are—the PTO needs to fix its error; Congress designed the IPR process for that very reason. Only by judging the patent by the same standard in IPR as in examination can the PTO properly correct its examination error.

II. APPLYING THE JUDICIAL CLAIM-CONSTRUCTION STANDARD IN INTER PARTES REVIEW WOULD DEFEAT STATUTORY AND CONSTITUTIONAL OBJECTIVES.

Cuozzo asks this Court to mandate an exception to the century of PTO practice in evaluating unexpired claims using their broadest reasonable interpretation. It requests that this Court bar the PTO from using the longstanding BRI standard in IPRs, and instead require it to employ the claim-construction approach used by courts in litigation. Cuozzo Br. 19. Cuozzo's proposed rule would produce pernicious results.

Unscrupulous patentees' goal in drafting claims is typically to cover as much future activity as possible, while allowing their claims to survive the examination process. In service of that iniquitous goal, patentees frequently pick claim terms that will obfuscate, rather than clarify, the claim's scope. Drafting guides instruct applicants how to "intentionally write ambiguous claims." *E.g.*, Jeffrey G. Sheldon, *How to Write a Patent Application* § 6.5.19, at 6-114 (2005). Selecting a general term, rather than one

with a well-defined meaning in the industry, frustrates the examiner's attempt to search for relevant prior art and encourages the weary examiner to believe the claims cover only what the applicant invented. Once issued, however, the patent can be deployed against new technologies the patentee did not invent and indeed could not have predicted. *See, e.g.*, Robert C. Faber, *Faber on Mechanics of Patent Claim Drafting* § 10:1.1, at 10-4 (7th ed. 2015) ("It is the claim drafter's job to have written the claims in the application ... to cover competitive products which neither the inventor nor the attorney thought of or could even have imagined at the time....").

IPRs today allow accused infringers to challenge such patents; but, under Cuozzo's rule, defendants would face strong incentives not to use this procedure. Not only will their validity challenges be tougher—and yet preclude them from offering a broad swath of defenses in the district court (35 U.S.C. § 315(e)(2))—but, as explained below, they may sacrifice their noninfringement arguments as well.

The consequence would be an elimination of the PTO's tool for ensuring claim clarity in inter partes review. This valuable process for giving the PTO a second look at issued patents would become at least as disfavored as inter partes reexamination, the proceeding Congress amended in creating IPRs. Congress intended IPRs to be liberally used. Importing the litigation standard to IPR proceedings would defeat that goal.

A. Employing The Judicial Claim-Construction Standard In IPR Would Allow Patentees To Twist Their Patents Like A Nose Of Wax, Stifling Companies From Practicing Technology In The Public Domain.

Cuozzo contends that the PTO, in assessing the validity of issued claims in the AIA's post-grant review proceedings, should apply the same claim-construction standard used by courts in litigation. Cuozzo Br. 17. Cuozzo does not contend, however, that the judicial standard is appropriate for the PTO to use in any *other* evaluation of unexpired claims. That is for good reason.

Cuozzo's proposed approach would lead to untoward results: Unscrupulous patentees could repeat the strategy that allowed their patents to be erroneously granted in the first place. They might escape substantive validity review by advancing an "ordinary meaning" construction of their intentionally foggy terms, and then pressing forward with accusations of infringement based on different scope than the PTO would have permitted. As this Court explained more than a century ago, patents should not be treated "like a nose of wax which may be turned and twisted in any direction." *White* v. *Dunbar*, 119 U.S. 47, 51-52 (1886). Cuozzo's standard, which permits patent claims designed to obfuscate the true invention to survive IPR, would allow exactly that.

The differing claim-construction standards applied by district courts and the PTO are directed at the same goal—preventing patentees from twisting

the patent to take from the public more than they are entitled to. As practitioners have explained,

> during prosecution the patent applicant prefers that the USPTO take a narrow interpretation of the patent claims to promote allowance of the claims with minimal amendments. During litigation the patent owner (formerly patent applicant) desires a broad interpretation to capture additional infringing parties while enjoying the presumption of validity. In each instance, the public's interest is to limit the patent applicants/owners from obtaining more patent scope than they are rightfully entitled in exchange for the patent right.

Andrew J. Fischer & David A. Jones, *The Bow Tie of Patent Claim Construction*, 4 Landslide 21, 23 (2012).

In order to effectuate their strategy of convincing the PTO to issue claims that they later interpret very differently, patent applicants often select deliberately obfuscatory claim terms. Rather than use a term common in the industry, which would have a well-defined meaning and also enable prior art searches, the patentee will select a term that it can later interpret substantially more broadly. *See, e.g.*, Wagner, *supra*, at 2149-50 (Patentees can "exploit the dual-stage-analysis process ... to obtain a patent under one understanding of the language (e.g., a narrow understanding) and later assert that same patent in a way that broadens the scope of coverage.").

To take one heavily-litigated example, a patentee (Richard Helferich) who in the 1990s may have devised a way of receiving voicemails on a pager filed

an application using terms that could be interpreted more broadly than this actual invention. For instance, instead of "voicemail address," Helferich picked "information identifier identifying the information." *See* U.S. Patent No. 7,155,241 claim 1 ("'241 Patent"). This common tactic frustrates the examination process in at least two ways.

First, oftentimes, the applicant will have invented some narrow process relevant to existing technology—in the example above, a way for pagers to access voice messages without requiring the user to call a voicemail system. *See* '241 Patent, Background of the Invention; Summary of the Invention. If the applicant uses an amorphous term that does not explicitly call out some *other* technology, the examiner may conclude that the applicant's term covers only what the applicant actually invented, and issue the patent. *See* Microsoft Br. 10-11.

Second, this tactic hampers prior art searches. If the patentee deliberately selects words not common in the industry, the examiner may not be able to locate all the pertinent prior art because it is difficult to know what to search for. Without invalidating references, the examiner may issue the patent.

In either event, once the patent issues, the patentee frequently will accuse technology that the patentee did not invent—and indeed may not have been contemplated by the patentee at the time of filing. In the example above, the patentee reinterpreted the term "information identifier" in litigation to encompass a "uniform resource locator (URL)." *Helferich Patent Licensing, LLC* v. *N.Y Times Co.*, 778 F.3d 1293, 1297 (Fed. Cir. 2015). The patentee threat-

ened lawsuits against hundreds of companies that send their customers text or multimedia messages containing URLs. *Ibid.* Indeed, the patentee even accused companies that would post to "third-party networking programs like Facebook and Twitter" because those social media sites allegedly would sometimes send text messages to their subscribers. *Ibid.* A patentee's deliberately malleable diction often will allow it to extract royalties for everyday activity, when the real invention was much narrower.

Courts sometimes bless this nose-of-wax strategy. Even if the specification suggests that the true thrust of the invention was something very different, courts frequently refuse to limit the claim to the true invention. *See Thorner* v. *Sony Computer Entm't Am. LLC*, 669 F.3d 1362, 1366–67 (Fed. Cir. 2012) (to limit claim scope, it is "not enough that the only embodiments, or all of the embodiments, contain a particular limitation"; "expressions of manifest exclusion or restriction, representing a clear disavowal of claim scope" are required).

When a court does not limit the claim to the true invention, an accused infringer cannot necessarily expect the claim to be held invalid (even if it should never have been issued). The nose-of-wax problem only rarely can be redressed in litigation because of the unskilled nature of juries and the weighty presumption of validity. As the Federal Circuit explained in rejecting an earlier argument that the BRI standard had been overruled *sub silentio*, "[i]t would be inconsistent with the role assigned to the PTO in issuing a patent to require it to interpret claims in the same manner as judges who, post-issuance, oper-

ate under the assumption the patent is valid." *In re Morris*, 127 F.3d 1048, 1054 (Fed. Cir. 1997).

At the PTO, patents enjoy no such presumption. *See* 35 U.S.C. §§ 316(e), 326(e); *In re Etter*, 756 F.2d 852, 858 (Fed. Cir. 1985) (en banc). As the D.C. Circuit explained more than 90 years ago, the PTO standard appropriately differs from the one employed by courts because courts seek to preserve the validity of a patent "if possible," whereas, when proceeding before the PTO, "there is no reason ... why an applicant ... should not draw his claims to cover his actual invention only." *Carr*, 297 F. at 543-44.

Indeed, were the PTO to apply the judicial standard, there inevitably would be cases in which courts end up interpreting claims more broadly than the PTO did when sustaining (or declining to examine) their validity in inter partes review. The courts would then presume the validity of those broadly interpreted claims (and insist on clear and convincing evidence of invalidity (*i4i*, 131 S. Ct. at 2242)), even though the rationale for doing so—that the PTO applied its expertise and approved that claim scope—would not apply because the PTO did *not* evaluate *that* scope. *See KSR*, 550 U.S. at 426. The inevitable result would be survival of patent claims that never would have issued had the PTO appreciated the eventual claim scope.

Inter partes review utilizing the BRI standard helps remedy the nose-of-wax problem. This relatively cheap and quick procedure is available to companies that have been sued for patent infringement. *See* 35 U.S.C. §§ 311(a), 315(a), (b). In that setting, the alleged infringers are aware of how the patentee

is reading the claim—"the invention as 'the applicant regards' it." *Zletz*, 893 F.2d at 322 (quoting 35 U.S.C. § 112 ¶ 2 (pre-AIA)). Typically, the patentee asserts a broad construction in litigation—a reading that would make the defendant an infringer.

Under current law, accused infringers can bring the patentee's broad reading to the PTO, and argue that it renders the patent invalid. They thus test the patentee's reading against the prior art, an eminently fair approach. Defendants are only willing to do so, however, because of BRI, which enables them to argue that the PTO should employ the patentee's claim construction because it falls within the claim's *broadest* reasonable interpretation. With the BRI standard, defendants are not required to admit that the patentee's reading is *correct*; they merely need to contend that it is reasonable enough for the PTO to test the prior art against.

But this process does not work if the defendant cannot rely, in its IPR challenge, on the broadest reasonable interpretation of the patent. An accused infringer challenging a patent in IPR must begin by filing a petition that lays out the construction of the claims it believes the PTO should apply. 37 C.F.R. § 42.104(b)(3). The petitioner bears the burden of proving invalidity (35 U.S.C. § 316(e)), and accordingly the petitioner must advance a construction, using the PTO's claim-construction standard, under which the patent is invalid.

If the judicial claim-construction standard applied in IPR, the petitioner would have to advance a construction that it *admits* is the same one that should be used in court—indeed, in the very court

where it is being sued for infringement. If the IPR petitioner asked the PTO to test the patentee's claim construction against the prior art, the patentee would characterize this as a concession that the patentee's construction is correct—and that the petitioner is therefore an admitted infringer. Indeed, notorious non-practicing entity Intellectual Ventures candidly advocates this result. *See* Intellectual Ventures Br. 17 ("parties must pick a single claim construction to defend on both infringement and validity grounds"). Therefore, if the litigation standard applied in IPR, defendants would be unlikely to advance patentees' broad constructions in IPRs, as they often do today, because that would amount to an admission of infringement.

Indeed, it would entail sacrificing not only the defendant's noninfringement position in court, but potentially its invalidity case (or much of it) as well. The statute explicitly precludes an IPR petitioner from "assert[ing]" in the district court "that the claim is invalid on any ground that the petitioner raised *or reasonably could have raised* during that inter partes review" if the IPR results in a final written decision. 35 U.S.C. § 315(e)(2) (emphasis added). Thus, filing a petition already carries a significant risk for any accused infringer: If the PTO initiates review and issues a final written decision, the petitioner will be estopped from raising in litigation any defense she reasonably could have raised in the IPR.

Given this substantial risk to defendants' invalidity defenses in litigation, imposing still greater costs on defendants by essentially forcing them to admit infringement as the price of access to the IPR procedure would likely dissuade many from filing

IPRs. Defendants might well find the reduced burden of proof in the IPR insufficient to make up for the risk of defeating their own infringement case (by advancing a broad construction) *and* invalidity case (by estoppel), not to mention the expense of IPR proceedings. Thus, if Cuozzo prevails, the PTO can expect to see fewer socially beneficial challenges to patent validity (*see Blonder-Tongue Labs., Inc.* v. *Univ. of Ill. Found.*, 402 U.S. 313, 343-45 (1971)) channeled to its expert Patent Trial and Appeal Board—and the courts can expect to see much more, and more intensive, litigation.

That would defeat Congress's intent that the inter partes review process it adopted five years ago actually be used. Congress had experimented with multi-party proceedings when it created inter partes reexamination in 1999. But Congress found that inter partes reexaminations were not being used often enough. As the House Report on the AIA noted, "[o]ver the 5-year period studied by the USPTO, it issued 900,000 patents and received only 53 requests for inter partes reexamination." H.R. Rep. No. 112-98, pt. 1, at 46 (2011). Congress therefore redesigned the system for inter partes patent challenges at the PTO in order to "remove current disincentives to current administrative processes" for bringing such challenges. *Id.* at 48. Changing the claim-construction standard to make challenges more difficult to win—and to have worse consequences if the petitioner loses—would *add* new disincentives to those previously faced by inter partes reexamination requesters, not "remove current" ones.

This Court should reject such a skewed reading. It "cannot interpret federal statutes to negate their

own stated purposes." *King* v. *Burwell*, 135 S. Ct. 2480, 2493 (2015) (citation omitted).

B. Because Indefiniteness Challenges Are Not Available In Inter Partes Review, BRI Is The Only Way To Ensure That Claims Are Reasonably Clear About Their Scope.

Adopting the litigation standard also would eliminate the only means available for the inter partes review process to ensure that claims are reasonably clear.

Section 112 of the Patent Act is designed (among other goals) "to require that a patent's claims ... inform those skilled in the art about the scope of the invention with reasonable certainty." *Nautilus*, 134 S. Ct. at 2129. This "definiteness" standard is supposed to guarantee that the patent is "precise enough to afford clear notice of what is claimed, thereby apprising the public of what is still open to them." *Ibid.* (punctuation omitted). The vast majority of patents litigated today, however, were filed long before this Court corrected the Federal Circuit's overly permissive test for definiteness in *Nautilus*. Present-day patent litigation thus involves claims that the PTO has *never* tested against the proper standard. And many patents employ terms that are "far from possessing that precision and clearness of statement with which one who proposes to secure a monopoly at the expense of the public ought to describe the thing which no one but himself can use or enjoy, without paying him for the privilege of doing so." *Merrill*, 94 U.S. at 570.

That reality is especially troublesome because a petitioner may not, in inter partes review, challenge a patent for failure to comply with Section 112's definiteness requirement. *See* 35 U.S.C. § 311(b) ("A petitioner in an inter partes review may [challenge] a patent *only on a ground that could be raised under section 102 or 103* and only on the basis of prior art consisting of patents or printed publications.") (emphasis added).

Even though Section 112 challenges are unavailable in IPR, the BRI standard can ensure that claims are reasonably clear about their scope, and thereby "protect[] the public against extension of th[at] scope." *Universal Oil Prods. Co.* v. *Globe Oil & Ref. Co.*, 322 U.S. 471, 485 (1944). The BRI standard achieves this goal by giving patentees incentives to ensure that the broadest reasonable reading of their claims still will not cross the line of patentability. *Zletz*, 893 F.2d at 321-22. If the claims may reasonably be read to cross that line, the PTO will cancel them absent amendment by the patentee. Therefore, as the then-Director of the PTO explained, *"[o]nly through the use of the broadest reasonable claim interpretation standard* [in IPR and other post-grant review proceedings] can the Office ensure that uncertainties of claim scope are removed by the inventor." David Kappos, *Ensuring Quality Inter Partes and Post Grant Reviews*, USPTO (June 19, 2012), http://www.uspto.gov/blog/director/entry/ensuring_quality_inter_partes_and (emphasis added).

Thus, in IPR proceedings, application of the broadest reasonable interpretation standard is how the PTO ensures that claims with amorphous scope

are not allowed to continue to threaten their targeted industry. For example, in an IPR challenging the '241 Patent described in Part II.A, *supra*, the PTO "construe[d] the claim term an 'information identifier for identifying the information' broadly, but reasonably." *CBS Interactive Inc.* v. *Helferich Patent Licensing, LLC*, IPR2013-00033, 2014 WL 1253006, at *5 (P.T.A.B. Mar. 3, 2014), *aff'd*, 599 F App'x 955 (Mem) (Fed. Cir. 2015) (per curiam). Applying that interpretation, the PTO invalidated the patent under the prior art. *Id.* at *23. The patentee had only his overbroad, strategic claim drafting to blame: In the patent, the "information identifier" term was "used loosely with ... boundaries that are not well-defined." *Id.* at *6. Although indefiniteness was not directly at issue, the PTO used BRI appropriately to prevent a patent with such "loose[]" and "[i]ll-defined" borders from menacing hundreds of additional target companies.

If the PTO were forced to apply the judicial claim-construction standard, claims that may encompass the prior art but whose meaning is not reasonably clear could survive IPR and impose heavy litigation costs on countless practicing companies and industries. As this Court has long recognized, the chilling effects of that result would controvert the constitutional purpose of the patent system: "A zone of uncertainty which enterprise and experimentation may enter only at the risk of infringement claims would discourage invention only a little less than unequivocal foreclosure of the field." *United Carbon Co.* v. *Binney & Smith Co.*, 317 U.S. 228, 236 (1942); *accord, e.g.*, *Gen. Elec. Co.* v. *Wabash Appliance Corp.*, 304 U.S. 364, 369 (1938) ("The limits of a pa-

tent must be known for ... the encouragement of the inventive genius of others and the assurance that the subject of the patent will be dedicated ultimately to the public."); Fed. Trade Comm'n, *The Evolving IP Marketplace: Aligning Patent Notice and Remedies with Competition* 98 (2011) ("Allowing multiple potential constructions" of a claim "to persist adds a penumbra to a patent's scope, discouraging rivals from entering where, with clearer notice, they could safely operate.").

Applying the judicial claim-construction standard to claims challenged in an IPR would pose other practical difficulties as well. Cuozzo does not contend that the PTO should change its longstanding practice of using the BRI standard for *new* claims, including amended claims introduced for the first time in post-issuance proceedings. *See* Cuozzo Br. 23 (explaining that the use of BRI in reexamination allows the PTO "to *re* examine the claims, and to *examine* new or amended claims, as they would have been considered if they had been originally examined in light of all of the prior art of record in the reexamination proceeding" (citation omitted)).

Therefore, under Cuozzo's rule, the PTO would be forced to apply two divergent standards in the *same* IPR—BRI for amended claims and the judicial standard for issued claims. This would be especially confusing given that amended claims generally incorporate the same terms as the issued claims—they must not "enlarge the scope of the claims of the patent or introduce new subject matter," after all (37 C.F.R. § 42.121(a)(2)(ii))—but just add some further limitations to narrow their scope. The PTO would therefore be construing the *same terms*, in the same

proceeding, in two different ways. Just as "[i]t would be anomalous for the Board to have to apply two different standards in [a] merged proceeding," it would be even more anomalous for the Board to apply two different standards in the *same* proceeding. 77 Fed. Reg. at 48,698.

This dual standard would discourage amendment. While Cuozzo argues that the "standard for granting a motion to amend in IPR is extremely high" today (Cuozzo Br. 29), Cuozzo's rule would do nothing to reduce that supposed burden. Indeed, patent owners facing an IPR challenge would be *more* likely than they are today to forgo their opportunity to amend—which would continue to require them to prove that their claims, construed as broadly as reasonable, are patentable—and instead to rest on their issued claims, which would be construed under a more permissive standard.

That result would further undermine a central goal of PTO proceedings, judicially recognized for nearly a century—namely, to encourage patentees to narrow their claims "to cover [their] actual invention only," while leaving breathing room for the public to practice the prior art. *Carr*, 297 F at 544. The PTO should continue to apply the BRI standard to unexpired claims, in both its initial and post-issuance assessments of patentability.

CONCLUSION

The Court should hold that the PTO's use of the broadest reasonable interpretation standard in post-grant review proceedings is appropriate.

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